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SUBJECT: MFA SECRETARY OF STATE FOR IBEROAMERICA TRINIDAD
JIMENEZ VISIT TO VENEZUELA

REF: CARACAS 2136

Classified By: DEPUTY CHIEF OF MISSION HUGO LLORENS, REASONS 1.4B AND D

11. (C) According to a November 6 readout provided by Trinidad Jimenez' Chief of Staff Juan Carlos Sanchez to the DCM, Jimenez found the situation in Venezuela "extremely bad" during her October 31 visit. She described Chavez as being in "another world." The polarization of the country was increasing and the potential for civil strife rising. She found the opposition demoralized and pessimistic. Only the students seemed to have any energy. In her meetings with senior Venezuelan officials, including Chavez and FM Maduro, the GOV message was that Spain was worrying about "peanuts" by focusing on issues such as press freedoms and human rights. Spain should instead be focused on strategic issues such as energy cooperation. The Venezuelans said they were delivering the same message to Washington. They welcomed Spanish energy firms to Venezuela.

12. (C) Jimenez was struck by what her Chief of Staff called the "Havana-ization" of Caracas, with the city beginning to look distinctly dingy. The economy appeared to be deteriorating, and there were tales of shortages of basic goods such as milk. In her meetings with the Spanish business community, the message was consistently downbeat. They thought the economy was sinking and the potential for violence rising. They told her the increase in public sector spending and rising budget deficit was not sustainable even with high oil prices. The business consensus was that the Venezuelan economy was headed for bust with the next 24 months.
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